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SUBJECT: PM SINGH TO MILITARY CHIEFS: BE READY BECAUSE "OUR  
NEIGHBORHOOD SITUATION HAS WORSENERD"

Classified By: Political Counselor Uzra Zeya. Reason: 1.4 (b,d).

11. (C) Summary: In a much-publicized October 20 speech to the senior commanders of India's armed forces, Prime Minister Manmohan Singh urged the military to "be prepared to face onslaughts" in light of "regular intelligence reports of imminent attacks" in India. Pointing out that India is threatened by "both State and non-State actors" (read Pakistan), the PM observed that the "overall situation in our immediate neighborhood has worsened" over the past year. Turning to the issue of military preparedness, Singh stressed the need for maximum self-reliance in defense technology because "the availability of critical technology from foreign countries is still subject to various technology denial regimes." In an oblique reference to past procurement-related scandals, the PM reminded the chiefs that defense deals must be conducted with transparency and probity. The speech can be seen as an alert to the Indian armed forces, a reminder to the Indian public that they continue to face a substantial risk of terrorist attacks, and a form of cover against opposition allegations of GOI complacency in the event that such attacks do occur here. End Summary.

"Regular Reports of Imminent Terror Attacks"

12. (U) Singh's annual address to the "Combined Commanders Conference" began by thanking the Indian armed forces for its "stellar role in assisting the civil authority in meeting the challenges in Jammu and Kashmir and tackling insurgencies in the North-East." He went on to state that the November 2008 Mumbai terror attacks "confirmed our worst fears" about terrorism and reminded India that "there are both State and non-State actors involved in the business of terrorism" (Note: At the risk of stating the obvious, we point out that Singh was referring to Pakistan). While Singh warned that India must "avoid kneejerk reactions" to such attacks (a clear defense of Singh's decision not to retaliate openly against Pakistan after the Mumbai attacks), he urged military leaders to "be prepared to face onslaughts" in light of "regular intelligence reports of imminent attacks" in India and because the "overall situation in our immediate neighborhood has worsened" over the past year. The recent attack on the Indian Embassy in Kabul was "yet another grim reminder of the forces we are pitted against."

13. (U) Turning to the issue of military preparedness, the

Prime Minister stated that his government is "fully committed to the modernization of Armed Forces and ensuring their military superiority and technological edge." He maintained that "the availability of critical technology from foreign countries is still subject to various technology denial regimes" so India must "achieve maximum self-reliance in the critical areas of defense technology." He reminded the chiefs that even though the military's procurement budget has increased markedly, they must conform to the "highest standards of transparency, probity, and public accountability." In a related post-speech development, Defense Minister Antony announced that the GOI would introduce on November 1 new guidelines for defense procurement that will place special emphasis on transaction transparency.

#### Reaction

14. (C) Embassy contacts were a bit surprised by Singh's "deteriorating neighborhood" comment and pointed out that in fact, rather than deteriorating, most of India's neighbors have achieved relative stability. As Dr. Sushant Sareen of the Institute of Defense Studies and Analyses put it, compared to previous years Sri Lanka, Bangladesh, Nepal and even the Maldives are doing a lot better now. The experts held that PM Singh was referring primarily to the chaos in Pakistan and Afghanistan -- and perhaps obliquely to recent tensions with China. Ajai Sahni of the Institute for Conflict Management emphasized that Singh's "neighborhood" comments referred to the "spiral of violence in the Punjabi

NEW DELHI 00002196 002 OF 002

heartland of Pakistani stability" and also to Afghanistan, and only secondarily to China. Pramit Pal Chaudhuri, Foreign Affairs Editor of the "Hindustan Times" daily, encouraged us not to read too much into the comments about the worsening neighborhood, as he perceived the speech as primarily focused on internal military reforms.

15. (C) Contacts also opined that the PM's emphasis on technological self-reliance and on transparent procurement practices underlines his concerns about corruption and bureaucratic bottlenecks in the current system. Sandeep Dikshit, Defense Correspondent for "The Hindu" newspaper, said that Singh's focus on modernization, acquisition of arms, and engagement of youth in the services boldly underlined the major tasks ahead to address these long-pending difficulties and make the Indian armed forces capable of addressing threats like terrorism and insurgency in India and what India sees as the worsening situation in Pakistan. Defense industry blogger and analyst Manohar Thyagaraj told us that Singh's line about "foreign technology denial regimes" was a clear and direct reference to USG reluctance to transfer technology to India.

#### Comment

16. (C) PM Singh's speech can be seen as an alert to the Indian armed forces to be prepared for potential conflict, a reminder to the Indian public that the country continues to face a substantial risk of terrorist attacks, and a form of cover against opposition allegations of GOI complacency in the event that such attacks do occur here. Singh's comments about India's indigenous defense technology needs highlight potential commercial opportunities for American companies, while the PM's thinly-veiled complaint about foreign reluctance to share technology identifies a potential obstacle. GOI focus on procurement transparency means that U.S. companies should be attractive partners for an India looking to instill greater public accountability into its procurement practices, although local defense analysts opine that recent allegations of corruption involving representatives of some U.S.-based companies may tarnish the hitherto sterling reputation for probity of American firms.

